Co-operative banks in Gujarat

3690. SHRI BACHANI LEKHRAJ: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that many co-operative banks in Gujarat have failed to return investors, deposits;

(b) if so, the details thereof during the last three years;

(c) whether Government have any scheme to close or revive such banks;

(d) if so, the details thereof;

(e) whether it is also a fact that in many cases the Insurance Companies have paid money to the co-operative banks;

(f) if so, the details thereof during the said period alongwith the number of investors covered; and

(g) the action taken/proposed to be taken by Government to safeguard the interest of small investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has reported that a few banks in Gujarat had faced liquidity problems due to temporary mismatch in their assets and liabilities, indiscriminate lending and poor funds management and had therefore not been able to meet their commitments to repay their depositors.

(c), (d) and (g) With a view to protecting the interests of the depositors, RBI has taken many measures depending upon the intensity of the crisis on a case-to-case basis. Some of these include asking the weak banks to draw up a time-bound action plan for revival, issue of directions restricting lending, accepting deposits, incurring expenditure, supersession of Board of Directors and appointment of an administrator in case of mismanagement, cancellation of licence and settling the insurance claim through Deposit Insurance and Credit Guarantee Corporation (DICGC) in case rehabilitation/merger efforts do not materialize and instituting of

criminal proceedings against the Board of Directors and other executives of the bank concerned RBI has also initiated a series of policy measures to strengthen the regulatory measures and to improve the operational efficiency of co-operative banks. Some of these include restricting the operation in call money market, revising the investment norm in Government and other approved securities, restricting the investment of funds with other co-operative banks, restricting the issue of banker's cheques, constituting audit committee of boards, reviewing of the interest rates of deposits and off-site surveillance system on urban co-operative banks, etc.

(e) and (f) The DICGC settles claims of the depositors of the insured banks in terms of the Deposit Insurance and Credit Guarantee Corporation Act, 1961. During the last 6 years, DICGC has settled the claims of 4 co-operative banks covering 2,53,168 depositors totalling an amount of Rs. 40,175.51 lakhs.

Impact of new economic policy

3691. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the gap between the rich and the poor is widening after the implementation of new economic policy in the country;

(b) if so, what is Government's response thereto; and

(c) the steps taken or proposed to be taken in this regard by bringing about wide changes in the implementation of this economic policy for minimizing the gap between rich and the poor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The gap between the rich and the poor measured in terms of the ratio of per capita consumption of the non-poor to poor decreased from 2.3 in 1987-88 to 2.13 in 1999-2000 in rural areas. In urban areas, the ratio of